

## Acting with impunity, the case of General Electric

Can the world's biggest corporations act with impunity? When it comes to General Electric – the eighth largest U.S. corporation, with \$146.9 billion in sales and \$13.6 billion in profits in 2012 – the answer appears to be “yes.”

Let us begin with a small-scale case in upstate New York, where in late September 2013 GE announced that it would close its electrical capacitor plant in the town of Fort Edward. Some 200 workers will lose their jobs and, thereafter, will have little opportunity to obtain comparable wages, pensions, or even employment in this economically distressed region. Ironically, the plant has been highly profitable. Earlier in the year, the local management threw a party to celebrate a record-breaking quarter. But the high-level financial dealings of a vast multinational operation like GE are mysterious, and the company merely announced that the Fort Edward plant was “non-competitive.” The United Electrical Workers, the union that has represented the workers there for the past 70 years, has already begun a vigorous campaign of resistance to the plant closing, but it is sure to be an uphill battle.

If we dig deeper into the record, a broader pattern of corporate misbehavior emerges. Indeed, the Fort Edward factory is one of two GE plants that polluted the communities at Fort Edward and nearby Hudson Falls, as well as a 197-mile stretch of the Hudson River, with 1.3 million pounds of cancer-causing PCBs for several decades. When the extent of this environmental disaster began to be revealed in the 1970s, GE began a lengthy campaign to deny it and, later, a multimillion dollar public relations campaign to prevent remedial action by the Environmental Protection Administration. GE lost this battle, for the EPA insisted upon the dredging of the Hudson River and ordered GE to pay for it. Thus, the Hudson Valley became the largest Superfund cleanup site in the United States, with a project that will take decades to complete.

GE has produced other environmental disasters, as well. Three GE nuclear reactors at the Fukushima Daiichi nuclear power site in Japan melted down and exploded on March 31, 2011. This was the world's worst nuclear accident in three decades, and quickly spread radioactive contamination nearly 150 miles. Indeed, the stricken reactors are still sending 300 tons a day of radioactive water flooding into the Pacific Ocean. In the late 1960s and early 1970s, when these boiling water nuclear reactors were installed, GE's engineers and management knew that their design was flawed. But the company kept selling them to unsuspecting utilities around the world, including many in the United States. As a result, there are still 35 GE boiling water reactors operating in this country, most of them located near population centers east of the Mississippi River.

Another important product produced by GE is the export of jobs. According to an extensive New York Times report on GE in March 2011: “Since 2002, the company has eliminated a fifth of its work force in the United States while increasing overseas employment.” By the end of 2010, another study found, 54 percent of GE's 287,000 employees worked abroad. Responding to GE's claim that it had created thousands of new jobs in the United States during the Obama administration, Chris Townsend, the political action director of the UE, produced a list of 40 U.S. plants the company closed in the country during the same period.

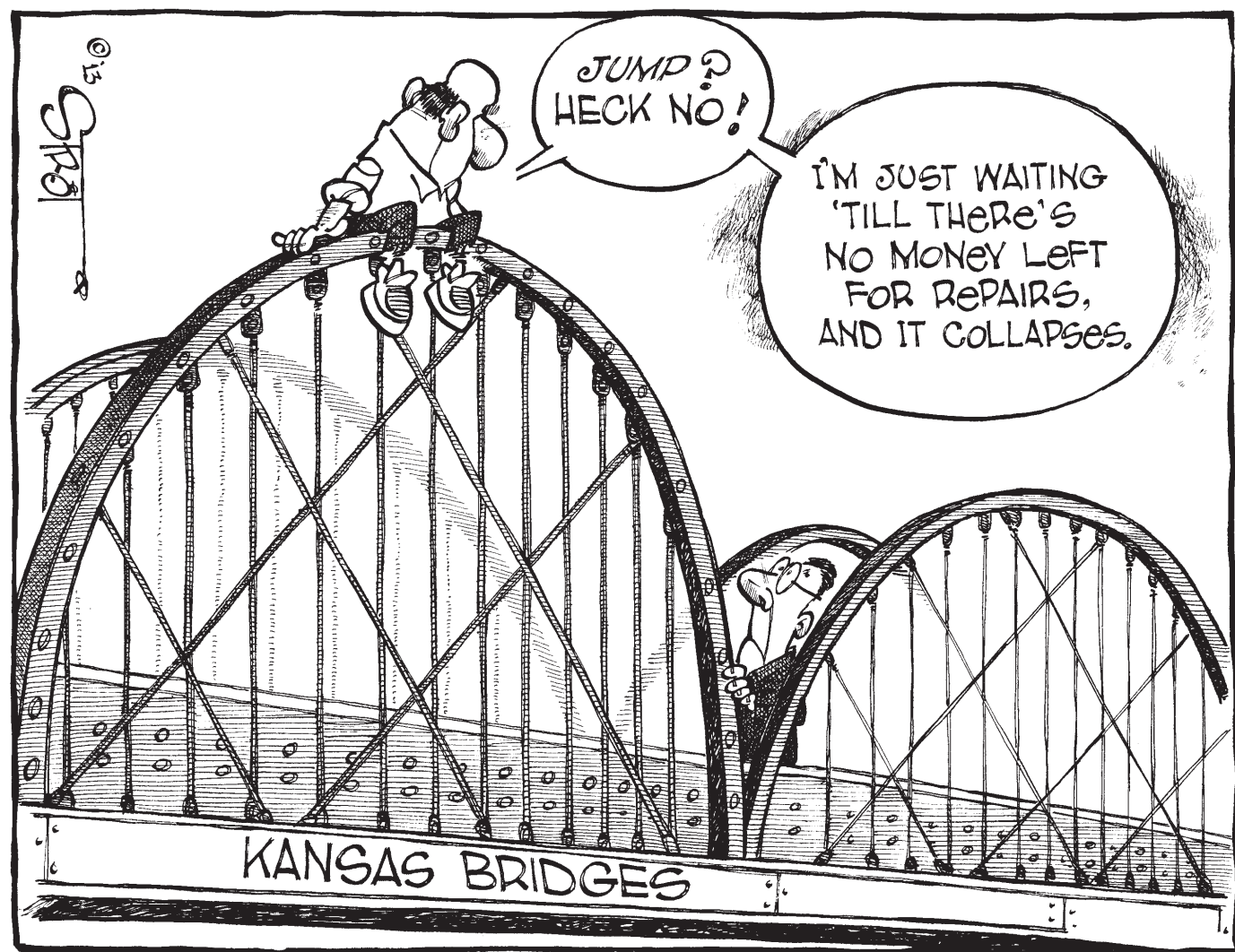
Townsend also noted that, even when GE kept its operations going in the United States, it slashed wages, sometimes by as much as 45 percent at a time. For example, the work of the Fort Edward plant will be moved to Clearwater, Florida, a non-union site where GE pays many workers \$12 an hour and hires others through a temp agency at \$8 an hour – little more than the minimum wage.

Although technically a U.S. corporation, GE – with operations in 130 nations – apparently feels little loyalty to the United States. Jack Welch, a former GE CEO, once remarked: “Ideally, you'd have every plant you own on a barge to move with currencies and changes in the economy.” According to a Bloomberg analysis, to avoid paying U.S. taxes, GE keeps more of its profits overseas than any other U.S. company – \$108 billion by the end of 2012. Thanks to this tax dodge and others, GE reportedly paid an average annual U.S. corporate income tax rate of only 1.8 percent between 2002 and 2011. In 2010, when GE reported worldwide profits of \$14.2 billion, it paid no U.S. corporate income tax at all. Instead, it claimed a tax benefit of \$3.2 billion.

Despite this appalling record, the U.S. government has been very generous to GE. During the financial crisis of 2008-2009, the federal government's Temporary Liquidity Guarantee Program loaned approximately \$85 billion to GE Capital, the company's huge finance arm. GE needed the bailout because, among other reasons, GE Capital was marketing subprime mortgages. The Federal Reserve also bought \$16.1 billion worth of short-term corporate i.o.u.'s from GE in late 2008, when the public market for this kind of debt had nearly frozen. In yet a further indication of GE's influence, President Obama appointed Jeffrey Immelt, GE's chief executive officer, as chair of his Council on Jobs and Competitiveness, which strategizes about how to revive America's manufacturing base. One of Immelt's favorite panaceas is to end taxes on the overseas profits of corporations.

Thus, it might seem that those 200 embattled workers at Fort Edward have no possibility at all of effectively challenging a corporation this wealthy and influential. But stranger things have happened in the United States – especially when Americans have had their fill of corporate arrogance.

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## Living with and preparing for our weather

Weather in this part of the world is always a sure-fire conversation starter. One farmer says to another, “How much rain you get out at your place?”

“‘Bout 60 hundreths,” the other answers, then asks, “How much you get?” “Got the same, 60 hundreths,” is the reply. Then they can get on with what they needed to talk about all along. The weather was just a springboard.

It was the only springboard I needed Friday after driving into the teeth of what I thought was going to be an early blizzard. I was driving a neighbor to a very early morning medical appointment and it was raining lightly when we left town. Soon one of us said, “I think that's more than just rain.”

Yes, indeed. There was snow mixed with that rain. The farther west we went, the heavier it got. When we turned north, with the headlights on high beam, it looked like we were driving into a blinding blizzard. Big, heavy flakes coming straight at the windshield were almost mesmerizing. Enough to make you go cross-eyed if you stared ahead too long.

It melted as soon as it hit the ground and by 9 a.m., the sun was shining brightly, warming everything and everybody. Not at all what I had expected after driving through it.

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### Out Back

Carolyn Plotts



There's something about Fall that makes me want to tackle some big outdoor project. Saturday afternoon I determined to finish landscaping my perennial flower bed on the south side of the fence around our backyard. I finished about half of it a few weeks ago, but ran out of steam and mulch at the same time.

But now I have a stockpile of mulch and no more excuses, so tackle it I did. That particular flowerbed has a terrible case of crabgrass. Hard to pull, harder still to kill. My plan is to dig out a trench by the sidewalk, place a length of black edging in it, backfill, cover the surface with a thick layer of newspaper and finally, top with another thick layer of red mulch. All designed, in my mind, to kill the crabgrass and accent the mums, and coneflowers that live there.

The second half of this project is proving harder than the first. It seems like the crabgrass has a stronger foot-

hold there than it did in the east end of the flowerbed. Every inch I gain is hard-won. I keep telling myself it will be worth it when it's done.

—ob—

Seventy-five years ago, in 1938, times were hard. Nobody had any money. It was this time of year, when my mother wrote in one of her columns about my dad and some other local farmers heading out to Nebraska with their teams of horses and wagons to pick corn. They earned .50 a day plus room and board and feed for the horses. She and the kids, probably five at that time, were left at home to “pioneer” as she put it. No electricity, no running water, no furnace.

She said, “The boys do the chores, and my biggest one is to see that they do.”

I've often wondered how modern-day families would handle really serious economic hard times. Would we have the where-with-all to gut it up and make do with what we had and be happy about it? Would our men be willing to work for \$5 a day if that was all that was being offered? Would wives become frugal and learn how to stretch the soup for one more meal?

I like to think we would. I know we could. But I pray we never have to.

## Agriculture is up to the task

The end of agriculture in America is near. American agriculture will soon lose its competitive edge.

So say some agricultural opponents. They also think that...

The high costs of producing food in America, compared with the costs in other countries, are pushing American producers out of business as foreign competitors develop enough to serve the same markets. Overseas producers with lower input costs will increasingly be able to undersell American producers.

Other major factors that will change the face of American agriculture include energy shortages, exhausted land and limited water resources.

Opponents of today's agriculture suggest stripping away the romance and nostalgia surrounding agriculture and seeing it for what it is – a business. They argue it's a business with limited potential for long-term profits because of its competitive nature.

Look at the big picture, they say. The whole world can produce crops in 2013.

Are these startling new revelations or are they predictions of those totally out of touch with the business of farming and ranching?

Critics of American agriculture contend that crop yields will not keep up with population growth. Some predict by the year 2050, arable American farmland will decrease nearly 200 million acres.

They also say water will become

### Insight

John Schlageck



scarcer, forcing a shift of farming to regions where rainfall is plentiful. Marginal rainfall regions like the western half of Kansas, eastern Colorado and the panhandles of Oklahoma and Texas may be destined to revert to grassland or the Great American Desert.

Should this happen, the United States will cease to be a food exporter. Our new diet will contain less meat and dairy products, more grains and beans and a sparser variety of vegetables.

It is hard for farmers and ranchers to stomach such predictions when American agriculture remains the envy of the world.

There is no doubt agriculture, like the rest of the U.S. economy, will continue to face challenges. True, this country is already impacted by higher input costs, dwindling avenues of trade and the constant wrath of Mother Nature.

In spite of these challenges, farmers and ranchers remain dedicated to staying on the land and continuing in their chosen vocation. They, better than anyone, understand the land they depend on for their livelihood is finite.

Care for this critical resource continues to improve. Today's farmers

are increasing their organic matter in the soil. With the continuing practice of no-till and reduced tillage farming, farmers continue to build organic matter and improve the soil tilth. There is no reason to consider this practice will be discontinued.

New and improved crop varieties are continually coming down the pike. Production practices continue to evolve and improve.

As for the question of water, this is always a major concern in farm and ranch country. Producers constantly chart rainfall amounts and monitor weather conditions. In Kansas, farmers are aware of changes in the Ogallala Aquifer.

They are tuned into water and the conservation of this vital resource. Some, especially in the western half of the state, are concerned about the potential of long-term climate change. If such a phenomenon should occur, there is the possibility Kansas could become more arid – more like New Mexico, for example.

Barring a major shift in our climate, crops will continue to be planted in western Kansas. Production could be less than now, but this land will be farmed and farmed wisely.

Without question, today's crop of agricultural detractors raises some interesting possibilities. But American agriculture is up to the task. This country has the minds, machinery and dedication to continue producing for people around the globe.

THE NORTON TELEGRAM

E-mail: nortontelegram@nwkansas.com

ISSN 1063-701X  
215 S. Kansas Ave., Norton, KS 67654

Published each Tuesday and Friday by Haynes Publishing Co., 215 S. Kansas Ave., Norton, Kan. 67654. Periodicals mail postage paid at Norton, Kan. 67654.

Postmaster: Send address changes to Norton Telegram, 215 S. Kansas, Norton, Kan. 67654  
Official newspaper of Norton and Norton County. Member of the Kansas Press Association, National Newspaper Association, and the Nebraska Press Association

Nor'West Newspapers  
Dick and Mary Beth Boyd  
Publishers, 1970-2002

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